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DE RUEHVJ #0813/01 1031657
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FM AMEMBASSY SARAJEVO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 3239
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE PRIORITY
RUEKJCS/JCS WASHDC PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUFOAOA/USNIC SARAJEVO PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 SARAJEVO 000813

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DEPT FOR D (SMITH), P (BAME), EUR (DICARLO), EUR/SCE
(ENGLISH, SAINZ, FOOKS), NSC FOR BRAUN, USNIC FOR WEBER,
GREGORIAN

E.O. 12958: DECL: 04/13/2016

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SUBJECT: BOSNIA: CONSTITUTIONAL REFORM PACKAGE IN PERIL

REF: SARAJEVO 742

Classified By: AMBASSADOR DOUGLAS MCELHANEY. REASON: 1.4 (B) AND (D).

11. (C) SUMMARY: With a key parliamentary committee session slated for April 18, critical votes are still lacking to move the constitutional reform package out of committee for decision in the full House of Representatives. In the nine-member committee, only 4 votes are in the bag. Of the remaining five members, two are immovably opposed (and not subject to pressure from the negotiating parties). That means that committee approval hinges on three individuals: Beriz Belkic, of the largely Bosniak "Party for BiH" (SBiH), Martin Raguz, of the breakaway Bosnian Croat "HDZ 1990" party; and Filip Andric, still a member of HDZ (though perhaps not for long). The Embassy, the OHR, and others in the international community are leaning heavily on all three, urging that they allow the package to move forward to the full House for discussion on April 24. Public hearings on the package were held on April 12, drawing only some 300 people. However, it was disturbingly under-attended by representatives of the negotiating parties themselves. We are pressing both Bosniak and Bosnian Serb leaders to ensure their parliamentary votes are firmly lined up. The Secretary's letter to the parties urging them to pass the

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legislation has received wide and favorable coverage. But even if it is, there is every possibility that an informal SBiH-HDZ 1990 alliance could reject constitutional reform in the plenary of the House of Representatives. END SUMMARY.

COUNTDOWN TO COMMITTEE VOTE

12. (C) We have five days to go before the constitutional reform package agreed by the leaders of BiH's main political parties last month faces its first parliamentary test: passage by the Constitutional and Legal Affairs Committee (CLAC). In the nine-member committee, we count only four members as sure "yes" votes. Two of the remaining five can be classified as "immovable objects;" an independent and a fringe party member, they cannot be moved from firm opposition. That puts the fate of the constitutional reform package into the hands of three delegates: SBiH's (Bosniak) Beriz Belkic, HDZ 1990's (Croat) Martin Raguz, and HDZ's (Croat) Filip Andric. All are a hard sell -- and we need all of them.

BELKIC REMAINS (UNCOMFORTABLY) IN OPPOSITION

13. (C) Both in April 12's public hearings and in meetings with the Embassy, representatives of the small government

coalition "Party for BiH" (SBiH) have remained firmly opposed to the constitutional reform package. SBiH's stance is particularly troubling as the party participated in the negotiating process until its dramatic walkout at endgame, when potential SBiH presidential candidate Haris Silajdzic realized reform would sink his election strategy. Ironically, getting the package out of committee now depends, in part, on an SBiH MP who actually participated in the negotiations -- Beriz Belkic.

¶4. (C) In meetings with the Ambassador and Polcouns, Belkic has acknowledged his unhappiness with Silajdzic's stance (he knows the party's credibility, and his own, is being sacrificed to Silajdzic's personal ambitions). Belkic argues that he needed a "signal" from the USG (and the Serbs) that he could use within the party, to ensure that "phase II" deals with such issues as the role of the entities. The Embassy emphasized our clear support for dealing with any and all necessary issues in the next phase of negotiations. But we need to see progress from "phase one" first. Belkic understands that his own integrity and reputation are at stake, not only in Washington, but also in Europe. We continue to press Belkic, as are our European colleagues. At this point, we expect Belkic to offer unhelpful changes to the package. Whether he will allow it to move forward even if those changes are rejected remains unclear.

AND CROATS, DIVIDED, EMBROILED IN ELECTORAL POLITICS

¶5. (C) Embassy has reported septel on the April 8 founding of breakaway "HDZ 1990," and its troubling implications for constitutional reform. Bottom line: HDZ 1990 needs to define itself fast, and seems determined to use opposition to constitutional reform to paint itself as the true defender of Croat interests. HDZ 1990 MP Martin Raguz holds a key vote in the CLAC; the Embassy has put the pressure on both Raguz

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and HDZ 1990 leader Bozo Ljubic. With both, we are underscoring that the U.S. and EU assessment of their party hinges on constitutional reform. Our future relations with Ljubic, Raguz and others in HDZ 1990 will be defined by their actions. Ljubic and Raguz have indicated Raguz will try to amend the package in the CLAC, focusing particularly on the diminished role of the House of Peoples. The Ambassador also told Raguz bluntly that, if HDZ 1990's amendments were not supported, Raguz needed to allow the package to move to the full House of Representatives, as scheduled. On April 12, Ljubic showed some flexibility, saying he could not "dictate" how his two MPs would vote.

HIGH REP AND EUROPEANS BACK OUR MESSAGE TO CROATS

¶6. (C) We are coordinating closely with the High Rep and EU ambassadors to get these three votes. The High Rep reached out to Raguz on April 12, urging him to vote his conscience and underscoring that if Raguz supported constitutional reform now, the High Rep would play an active role in "phase two." In the High Rep's April 13 conversation with HDZ 1990 leader Ljubic, Ljubic also seemed focused on "phase two." The High Rep has also held confidential meetings between Croat and German bishops, and lobbied the Vatican to, at the least, neutralize the Catholic Church's opposition. The European Commission has confirmed that a letter from Barroso to BiH Tri-Presidency member Tihic is expected to arrive before the April 18 committee session, to add impetus to the process.

BUT THE NEGOTIATORS NEED TO SPEAK OUT, TOO

¶7. (C) Meanwhile, the noticeable absence of most party leaders from the April 12 public hearings illustrates a disturbing nonchalance on the part of the package's negotiating parties -- its key supporters. (Ambassador appeared on a one-hour talk show on constitutional reform,

where commentators blasted majority parties for being AWOL in the current public discussion). We are pressing parties to ensure party discipline over the next ten days. Party leaders need to have their MPs firmly committed and well instructed on strategy. That is particularly important in the CLAC April 18, but will also be essential on the House floor April 24.

18. (C) We welcome Department plans for possible VOA appearances and DVCs. We continue to refer to the Secretary's message to party leaders, urging them to pass the

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legislation, so as to begin a second phase.

MCELHANEY